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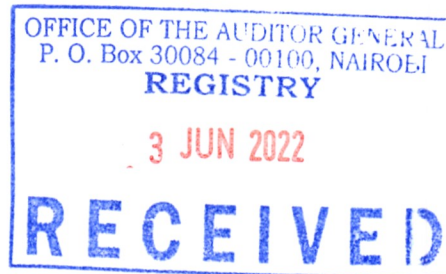
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THE AUDITOR-GENERAL

ON

**GATUNDU SOUTH TECHNICAL
AND VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2021**



GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2021**

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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**GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

I. COLLEGE INFORMATION AND MANAGEMENT

(a) Background information

Gatundu South Technical and Vocational College is a public TVET institution under the Ministry of Education. It started operations in September 2019

(b) Principal Activities

The principal activity/mission of Gatundu South TVC is to provide Technical and Vocational Education and Training.

i. Vision

To be a premier Technical and Vocational Training College that sustainably empowers and transforms society

ii. Mission

To provide quality Technical and Vocational training to empower graduates for individual development and global competitiveness

iii. Strategic Objectives

- To produce competent and competitive workforce
- To provide adequate infrastructure for quality service delivery
- To develop innovative products that will meet the needs of the community.
- To enhance trainee welfare
- To improve organizational performance

(c) Key Management

The Gatundu South TVC day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Samuel Mwangi
2.	D/ Principal	Tabitha Maina
3.	Accountant	Paul Kagia
4.	Ag. Registrar	Fanice Chemunyan
5.	Ag. Dean of Students	Anthony Mwangi

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COLLEGE INFORMATION AND MANAGEMENT (Continued)**

(e) Fiduciary Oversight Arrangements

Academic, Infrastructure and Technical Committee:

The Committee monitor the curriculum implementation and academic performance of the College and also the infrastructural needs of the college.

Finance, Planning and Human Resource Committee:

The Committee is appointed by the Board to oversee the formulation and implementation of the budget, strategic plan and the human resource management matters including recruitment and discipline of staff.

Risk, Audit and Compliance Committee:

The committee monitor the integrity of the financial statements of the College, review the College's internal financial controls systems and oversee the internal audit function.

Senior Management:

Senior management comprise of Principal, Deputy Principal, Registrar and Dean of Students. The senior management is appointed by the Principal in consultation with the Board are responsible in the overall running of the College.

Management:

The management report direct to the senior management. The management comprise of Head of Departments and Head of Sections and their deputies. The management is responsible in day to day running of their departments and sections.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

COLLEGE INFORMATION AND MANAGEMENT (Continued)

(f) Gatundu South TVC Headquarters

P.O. Box 102 – 01030
Gatundu, KENYA

(g) Gatundu South TVC Contacts

Telephone: (+254)797255245
E-mail: gatundusouthtvc@gmail.com
Website: www.gatundusouthtvc.ac.ke

(h) Gatundu South TVC Bankers

Kenya Commercial Bank Limited
Gatundu Branch
P.O. Box 81 – 00900
Gatundu

(i) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, College Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser




The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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II. THE BOARD OF GOVERNORS






 <p>Dr. Peter Nagtia Chairman, Board of Governors Ph.D in Entrepreneurship</p>	<p>Date of Birth: 1973. Qualifications and Experience: Dr. Peter Maku Ngatia is a holder of Ph.D in Entrepreneurship. Currently teaches at Jomo Kenyatta University of Science and Agriculture.</p>
 <p>Benedictor Gichimu Member of the Board Bsc. Biomedical</p>	<p>Date of Birth: 1983. Qualifications and Experience: Benedictor Nyambura Gichimu is a holder of Bsc. Biomedical degree. She is currently a management consultant.</p>
 <p>Rita Kaloki Member of the Board LLB</p>	<p>Date of Birth: 1989. Qualifications and Experience: Rita Kanini Kaloki is a holder of LLB and an advocate of the High Court of Kenya</p>
 <p>Joyce Mugure Member of the Board Master of Science in Data Communication</p>	<p>Date of Birth: 1973. Qualifications and Experience: Ms. Joyce Mwenja holds a Master of Science in Data Communication, a Bachelor of Information Technology from KCA University. Joyce has also contributed majorly in ERP systems implementation in several higher learning institutions.</p>

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 <p>CPA Moses Kuria Member of the Board B. Com. (Accounting), CPA-K</p>	<p>Date of Birth: 1990. Qualifications and Experience: CPA Moses Muhia Kuria holds B. Com. (Accounting), CPA-K and is member of ICPAK in good standing.</p>
 <p>Edwin Njeru Member of the Board MSc. in Software Engineering</p>	<p>Date of Birth: 1982. Qualifications and Experience: Mr. Edwin Mwendu Njeru holds MSc. in Software Engineering with a career spanning 12 years.</p>
 <p>Samuel Mwangi Secretary to the Board Masters in Business Administration</p>	<p>Date of Birth: 1977 Qualifications and Experience: Holds a Masters in Business Administration and a B.Ed degree from Moi University. He also holds a Higher Diploma in Entrepreneurship and CS.</p>

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

III. MANAGEMENT TEAM

Name of the Staff	Passport photo	Responsibility
1. Samuel Mwangi		Principal- Accounting Officer MBA, B.Ed, H.Dip. CS
2. Tabitha Mugure		Deputy Principal- Principal assistant to the Principal B.Ed Arts
3. FaniceChemunyan		Ag. Registrar – In charge of Admissions, Records and Marketing Higher Diploma Civil Engineering
4. Anthony Mwangi		Ag. Dean – In charge of trainees welfare, HelB Applications and Leadership BSc. IT
5. Paul Kagia		Accountant – In charge of accounts department. CPA (K)

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

IV. CHAIRMAN'S STATEMENT

I am delighted to report on the 2020/2021 FY as the Chairman Board of Governors for Gatundu South Technical and Vocational College. As the first Chairman of the College I feel proud for the milestones the College has achieved so far. I wish to note that when the College started its operations there were few systems in place but in our second year of existence we are proud of an institution with an enrolment of 206 trainees taking various courses. The College has developed policies which are ready for adoption and approval to guide her operations.

The College has progressed in terms of equipping the workshops to ensure quality training. I wish to note in the year under review, the College managed improvements in the area of infrastructure having constructed 2 temporary sheds for use during practical lessons. We also acquired training equipment in areas such as hairdressing and beauty therapy, plumbing, masonry, electrical and welding.

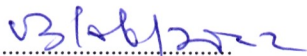
The College received capitation and operational grants from the Government through the Ministry of Education. I take this opportunity to thank the Government for the support both financial and policy direction. I also note that the funds together with the fees collected directly from the trainees was prudently utilised as it is evidenced in the financial statements in this report. The Board of Governors was instrumental in the realization of the achievements made by the College during the year and I wish to sincerely thank all the members of the Board for their oversight and guiding role in the operations of the College.

SIGN



Dr. Peter M. Ngatia
Chairman, Board of Governors

Date.....



**GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

V. REPORT OF THE PRINCIPAL

I am happy to note that this is the first time the College is reporting under International Public Sector Accounting Standards (IPSAS) Annual Financial Reporting. The College is in its second year of existence and I am glad to report that we have made progress. The College has recorded growth in trainee population, programmes as well as the training facilities. During the FY 2020/2021, the College like all other organizations and sectors operated under very difficult circumstances due Covid 19 pandemic. However, I wish to note that the College was resilient and managed its programs the circumstances notwithstanding.

The College presented candidates for the July 2020 KNEC examination which was administered in January/ February 2021 and 34 candidates successfully sat the examination. I express my heartfelt gratitude to the training and administrative staff for their selfless efforts in ensuring that training and the overall curriculum implementation was successful. I wish to report that the syllabus was adequately covered despite the interruption of the academic calendar due to the Covid-19 pandemic. In addition, I wish to note that the trainers have also increased from 3 who were under BOG when we started to 25 with 19 being PSC trainers and the rest are under BOG. On this note, I sincerely thank the Government through the Ministry of Education for the relentless efforts in ensuring that the College is staffed.

In FY 2020/2021, the college started new programs in Supply Chain Management, Human Resource Management, Social Work and Community Development and Welding. I also note that training materials were availed on time and in the required quantities throughout the year. During the FY 2020/2021, we managed to procure additional equipment in Hairdressing and Beauty Therapy, Plumbing, Welding, Electrical, ICT and Masonry. We also managed to construct 2 temporary sheds to be used for practical lessons in masonry and welding. In order to comply with the covid-19 protocols on physical distancing, the College procured a 100 seater and a 25 seater tents. Also additional 100 lecture chairs were procured. Still on Covid-19 protocols, the college installed automatic hand sanitizer dispensers and hand washing points outside every room and 2 pedal operated hand washing pints at the gate. The college also procured 1 water storage tank with a capacity of 5000 litres. Additionally, six tanks with a capacity of 100 litres each were fixed in all the washrooms as stop gap measure during water rationing days.

On repairs and improvement, I wish to report that the College managed to construct drainage at the entrance of the brick making shed which was a great challenge during rainy season since storm water would flood the shed posing a great risk. The parking area and the area around the water storage tank was also filled with hard-core and compressing to prevent erosion from the storm water and also reduce the mud which was raising the cost of operations due to cleaning costs. During the year under review also the College was connected to 3-phase power and a smart meter installed which had been a challenge. The switch gear at the brick making machine was also installed and relocated to a more secure and convenient location to enhance efficiency in operations. The power connection to the brick making machine which had been faulty was also repaired and now it is functioning properly. Two solar lamps were also installed at the gate to for security purposes especially during the night when there is power blackout which is common in the area. There were also repairs in the washing rooms to contain leakages which had not been addressed since there was no water during the installation of the toilets. During the year also there were other small maintenance works and landscaping which kept the learning environment clean, safe and secure.

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

During the year under review, the College received capitation and operational grants from the Government through the Ministry of Education. I take this opportunity to thank the Government for the support both financial and policy direction. I also note that the funds together with the fees collected directly from the trainees was prudently utilised as it is evidenced in the financial statements in this report. The Board of Governors was instrumental in the realization of the achievements made by the College during the year and I wish to sincerely thank the Chairman and the members for their oversight and guiding role in the operations of the College.

In regard to the Human Resource Management, the College continued to operate with only two administrative staff, the accountant and the office clerk despite the enormous responsibility that they both perform. However, the two staff worked tirelessly to ensure effective service delivery. On the teaching staff, the College engaged 8 trainers on part time basis for the courses where PSC has not posted trainers and also to cater for areas with shortages. For the cleaning and other support services like temperature screening at the gate and compound maintenance, the College engaged casual workers on need basis.

On the trainees' welfare, the College held guidance and counselling sessions on termly basis. The trainees were also engaged in volley ball and athletics. The administration also held meetings with class representatives who serve as the students leaders.

Finally, I wish to sincerely thank the Chairman Board of Governors and the members for their oversight and guiding role in steering the College in the right direction.

SIGN 
Samuel K. Mwangi
Principal/Secretary BOG

Date 03/06/2022

**GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Gatundu South TVC has five strategic pillars and objectives within its strategic plan and the performance during the year under review is as summarized in the table below:

- Strategic Pillar 1:** Competent and competitive workforce
- Strategic Pillar 2:** Infrastructural Development
- Strategic Pillar 3:** Innovation and community service
- Strategic Pillar 4:** Trainees Welfare
- Strategic Pillar 5:** Organizational Capacity

Strategic Pillar	Objective	Verifiable Indicators	Activities
Pillar 1 Competent and Competitive workforce	To produce competent and competitive workforce	10 courses added -4 diploma -3 artisan -3 craft certificate -all the added courses attracted trainees -appointment letter - 23 assorted text book -additional training tools and equipment	-Introduction of additional courses -Marketing of courses -Appointment of quality assurance officer - Acquisition of text books -acquire training tools and equipment
Pillar 2 Infrastructural Development	To provide adequate infrastructure for quality service delivery	-Temporary shed constructed -100 seater tent acquired -Temporary room fabricated -3additional routers and 5mbps added 4 computers and 2 printers procured -Equipment and tools in plumbing, hair dressing, masonry, carpentry, welding, electrical and building were procured as per requisitions from departments	-Create space for masonry practice -Enhance ICT infrastructure -Avail training equipment, tools and materials
Pillar 3 Innovation and community service	To develop innovative products that will meet the needs of the community	-Appointment letters -Exhibit in Electrical and Hair dressing	-Appoint a Research and Linkages coordinator & committee -Develop innovative products
Pillar 4 Trainees Welfare	To enhance trainee welfare	-Appointment letter -Office established -2sessions organized -Hand washing points established, sanitizers procured	-Appoint and train guidance and counseling coordinator -Organize guidance and counseling forums and VCT services -Establish Covid 19 preventive measures
Pillar 5 Organizational Capacity	To improve organizational performance	-Organizational structure in place -Staff establishment in place -Academic policy developed -Financial Management and Risk Management policy drafted 8 trainers engaged during the year -Annual financial report submitted on time -Registration with NSSF & NHIF and remittance of statutory dues	-Establish organizational structure -Determine staff establishment -Develop institutional policies -Engage competent trainers -Compliance with statutes

**GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

VII. CORPORATE GOVERNANCE STATEMENT

The Board of Governors of Gatundu South Technical and Vocational College consists of eight members who were appointed by the Cabinet Secretary, Ministry of Education and comprise of Chairman, representative of Principal Secretary, Ministry of Education, and five other persons appointed on the basis of their knowledge and experience. The Principal of Gatundu South Technical and Vocational College is the Secretary to the Board. The Board met four times during the year and the Finance, Planning and Human Resource Committee met two times.

The Board of Governors has three sub-committees, that is, Academic & Infrastructure, Finance & HR and Risk, Audit & Compliance Committee.

Functions of the Board of Governors include:

- The Board Discuss and approves the budget for each financial year. The Board approves financial reports for every quarter and for each year. The Board negotiates and approves performance contracts for each year;
- The Board administer and manage property of the Institution;
- The Board develop and implement the College Strategic Plan;
- The Board determine the fees payable and method of payment;
- Receive on behalf of the Institution, fees, grants, subscriptions, donations, bursaries;
- Recruit and appoint trainers from among qualified professionals;
- Determine suitable terms and conditions of service for support staff, trainers and remunerate staff of the College;
- Provide the welfare of the students and staff of the College;
- Prepare annual financial statements and submit to the relevant authority

The Board has developed a board charter to guide its operations and spell out the terms of reference for the three committees. The Board members were inducted at the beginning of their term and the board remuneration was set as reimbursement of transport during the first full board meeting where the chairman was to be reimbursed Kshs. 15,000 and members Kshs. 10,000 for each meeting attended. The board is committed to high level of integrity and is in the process of developing a code of conduct and ethics.

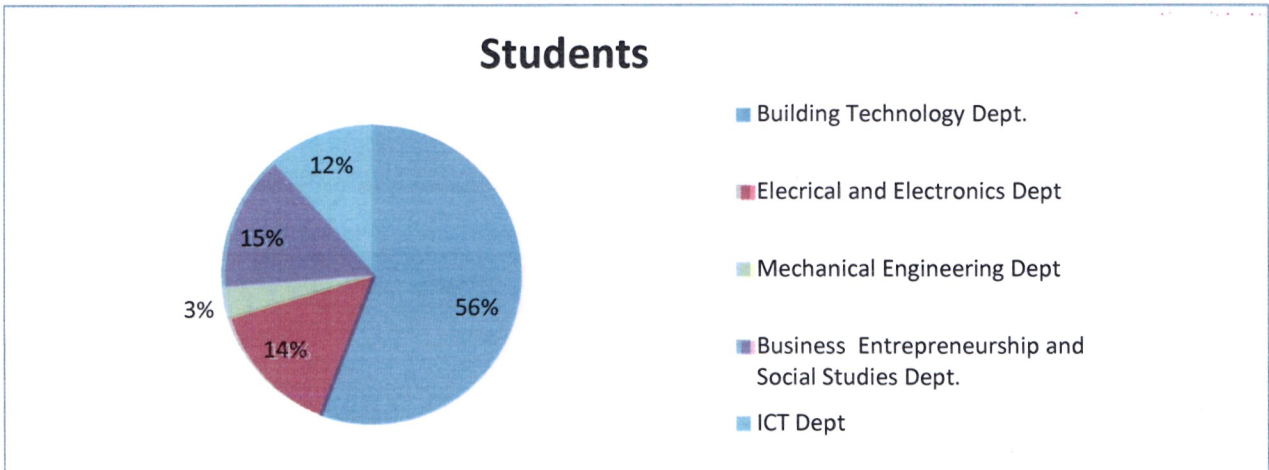
VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The entity's operational and financial performance

The students' population stands at 206 students as represented by each department;

- i. Building Technology department – 115 students
- ii. Electrical and Electronics Dept. -30 students
- iii. Mechanical Engineering Dept. - 7
- iv. Business Entrepreneur and Social Studies Dept. – 30 students
- v. ICT Dept. - 24 students

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The Pie chart shows students distribution per department

The College enrolled 166 new students in January 2020. The College expected to have a new intake in May 2021, but this was not possible due to effects of covid-19 pandemic. In September 2020 the College enrolled 28 new trainees.

The College has received capitation grants for the first, second and third quarter as tabulated below;

Quarter	Amount (Ksh.)	Date received
1	1,275,000	06-11-2020
2	1,275,000	12-02-2021
3	1,012,500	30-03-2021

The capitation for quarter 1 and 2 was for 170 trainees while for quarter 3 was for 135 trainees. This has contributed to growth in financial status and the college is able to meet most of its financial obligations as they fall due. The college thus is able to comply with legal requirements in filing and remitting statutory payments.

Entity’s compliance with statutory requirements

The College has complied with the statutory requirements. The College is fully accredited with TVETA. All statutory remittances are paid to the respective authorities and in due time.

Key projects and investment decisions the entity is planning/implementing

During the year, we managed to procure additional equipment in Hairdressing and Beauty Therapy, Plumbing, Welding, Electrical, ICT and Masonry. We also managed to construct 2 temporary sheds to be used for practical lessons in masonry and welding. In order to comply with the covid 19 protocols on physical distancing, the College procured a 100 seater tent and a 25 seater. Also additional 100 lecture chairs were procured. Still on Covid protocols, the college installed automatic hand sanitizer dispensers and hand washing points outside every room and 2 pedal operated hand washing pints at the gate. The college also procured 1 water storage tank with a capacity of 5000 litres. Additionally, six tanks with a capacity of 100 litres each were fixed in all the washrooms as stop gap measure during water rationing days.

The College is planning to install Management Information System (MIS) in phases with phase estimated to cost Kshs. 500,000.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

The College is also planning to harvest water by installing gutters and acquire storage tanks.

The above projects will be financed by savings realised through prudent financial management of internal funds.

Major risks facing the entity

The College has not managed to enroll students to its full capacity. The situation is hindering the College in putting more tuition rooms as the enrollment has remained low. In addition, the receivables amounting to Kshs. 3,890,890 is a risk in case they are not recovered since it would affect the operations.

The College has not managed to employ a qualified Procurement Officer to carry out the procurement function.

The College has not managed to pay its suppliers on time due to cash flow challenges as the student enrolment remains low.

The college operating expenses are also high due to the maintenance of the Covid 19 protocols.

Material arrears in statutory/financial obligations

The College has pending supplier payments. The staff salary deductions are remitted to the respective institutions as they fall due.

The entity's financial probity and serious governance issues

The College has no governance issue however title deed for the land has not been obtained from the County Government.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Gatundu South TVC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability strategy and profile

The vision of the College is to be a premier Technical and Vocational Training College that sustainably empowers and transforms society

To ensure sustainability of adequate reliable water supply and save on water bill, the college is planning to harvest rain water by installing gutters around the building. In addition, the college has installed two solar security lights and plans to install three more in the new financial year.

Environmental performance

The college is planning to plant trees to improve the environment within the college and the neighbourhood. The college manages its waste by disposing as recommended by the relevant authority.

Employee welfare

The College is in the process of developing Human Resource Manual, Career progression guidelines and scheme of service for the management of employee welfare.

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Market place practices

The College engage in fair competition while marketing its training courses. The College is involved in TVET Institutions sports and athletics activities.

The College suppliers are fairly treated and payments for goods and services supplied are paid within the contract terms as funds become available.

Corporate Social Responsibility / Community Engagements

The College didn't engage in any corporate social responsibility during the financial year.

**GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

X. REPORT OF THE BOARD OF GOVERNORS

The Board/Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of Gatundu South TVC affairs.

Principal activities

The principal activities of Gatundu South TVC are to provide Technical and Vocational Education and Training.

Results

The results of Gatundu South TVC for the year ended June 30 are set out on page 1-7

BOARD OF GOVERNORS

The members of the Board/Board who served during the year are shown on page (v-vi)

Auditors

The Auditor General is responsible for the statutory audit of Gatundu South TVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of Gatundu South TVC for the year/period ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015.

By Order of the Board



Principal

Date: 03/06/2022

**GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

XI. STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board members to prepare financial statements in respect of Gatundu South TVC, which give a true and fair view of the state of affairs of Gatundu South TVC at the end of the financial year and the operating results of Gatundu South TVC for that year. The Board members are also required to ensure that Gatundu South TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of Gatundu South TVC. The Board members are also responsible for safeguarding the assets of Gatundu South TVC.

The Board members are responsible for the preparation and presentation of the Gatundu South TVC financial statements, which give a true and fair view of the state of affairs of Gatundu South TVC for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Gatundu South TVC; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Gatundu South TVC; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the Gatundu South TVC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act)). The Board members are of the opinion that the Gatundu South TVC financial statements give a true and fair view of the state of Gatundu South TVC transactions during the financial year ended June 30, 2021, and of the Gatundu South TVC financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Gatundu South TVC, which have been relied upon in the preparation of the Gatundu South TVC financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that Gatundu South TVC will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Gatundu South TVC financial statements were approved by the Board on 28th September 2021 and signed on its behalf by:

Name..... *Peter Ngunjiri*

Signature..... *[Signature]*

Chairman of the Board

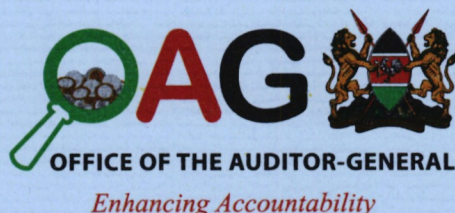
Name..... *SAMUEL MWANGI*

Signature..... *[Signature]*

Accounting Officer/Principal

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient, and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Gatundu South Technical and Vocational College set out on pages 1 to 28, which comprise of the statement of financial

position as at 30 June, 2021, and statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Gatundu South Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training (TVET) Act, 2013.

Basis for Qualified Opinion

1. Unconfirmed Balances

The statement of changes in net assets reflects a prior year adjustment amount of negative Kshs.731,195 which comprises of bank balance of Kshs.283,195, salary advance of Kshs.5,000, fees prepayments of Kshs.115,800 and operations expenses of Kshs.903,590 relating to transactions that occurred in the previous year. Further, the statement reflects a balance of Kshs.1,915,800 in respect of furniture bought in the previous year. However, Management did not prepare financial statements for the year ended 30 June, 2020. and supporting documents for the prior year adjustments were not provided.

In the circumstances, the accuracy and completeness of the prior year adjustment amount of 731,195 and furniture additions balance of Kshs.1,915,800 could not be confirmed.

2. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.182,058,052 as disclosed in Note 10 to the financial statements. However, the balance excludes undetermined value of land belonging to the institution which includes three (3) parcels of land at Ngenda/Githungucu block whose ownership documents are in the name of the defunct Thika County Council. Although the Management has indicated that they have initiated the land transfer process, no documentary evidence to support steps taken was provided. Further, physical verification of the land revealed that private developers had occupied two of the parcels of land.

In addition, review of the fixed asset register provided for audit revealed, that the register did not include details of dates of purchase, description of assets including model and serial numbers, cost, specific location, asset number, responsible official, class, category

of assets and the assets condition. The assets were also not coded or tagged for ease of identification and tracking contrary to The National Treasury Circular and template, No.5/2020 dated 25 February, 2020.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.182,058,052 could not be confirmed.

3. Understated Revenue

The statement of financial performance reflects revenue from exchange transactions amounting to Kshs.5,628,650 as disclosed in Note 2 to the financial statements. However, review of documents provided for audit revealed that student invoices amounting to Kshs.668,030 were not included in the revenue for the year hence understating the revenue by the same amount.

In the circumstances, the accuracy and completeness of revenue from exchange transactions amounting to Kshs.5,628,650 could not be confirmed.

4. Unsupported Accounts Receivables

The statement of financial position and the corresponding Note 9 to the financial statements reflects receivables balance of Kshs.3,890,890. However, the debtor's ledger and ageing analysis to support the balance was not provided for audit review. In addition, the College does not have a Debt Management Policy.

In the circumstances, the accuracy and completeness of the receivable balance of Kshs.3,890,890 could not be confirmed.

5. Non-Remittance of Statutory Deductions

The statement of financial performance reflects employee costs amounting to Kshs.1,380,404 which includes contributions to National Social Security Fund (NSSF) amounting to Kshs.15,874. However, review of the payroll provided for audit revealed that contributions to NSSF amounted to Kshs.23,760 resulting to an unreconciled variance of Kshs.7,886. In addition, the College did not remit NSSF deducted from employees for the months of July, 2020 to February, 2021 amounting to Kshs.15,840.

In the circumstances, the accuracy and completeness of National Social Security Fund contribution expense of Kshs.15,874 could not be confirmed.

6. Unsupported Expenses

The statement of financial performance reflects use of goods and services expenditure amounting to Kshs.5,367,593 which includes an amount of Kshs.51,190 in respect of telephone, postage and airtime expenses as disclosed in Note 3 to the financial statements. Review of documents provided for audit revealed that the payments were paid to staff as airtime allowances. However, the payments were not backed by any policy approved by the board and the criteria used to allocate the airtime was not defined.

Further, the balance includes an amount of Kshs.635,000 in respect of travelling and subsistence allowances. However, the imprest register, imprest warrants and approvals for use of private means of transport were not provided for audit.

In the circumstances, the accuracy and regularity of the expenditure totalling Kshs.686,190 incurred on airtime and travel allowances could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Gatundu South Technical and Vocational College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.13,344,000 and Kshs.10,728,650 respectively, resulting to an underfunding of Kshs.2,615,350 or 20% of the budget. Similarly, the College spent Kshs.7,822,786 against an approved budget of Kshs.13,344,000 resulting to an under expenditure of Kshs.5,521,214 or 41% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

1. Non-Submission of Financial Statements

The College started its operations in the financial year 2019/2020. However, Management did not prepare and submit financial statements for the financial year 2019/2020 to the

office of the Auditor-General for audit. This is contrary to Section 47(1) of the Public Audit Act, 2015 which provides that the financial statements required under the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

In the circumstances, Management was in breach of the law.

2. Unsupported Remuneration of Board of Governors

The statement of financial performance reflects Board of Governors' expenses amounting to Kshs.457,609 as disclosed in Note 5 to the financial statements. Included in the balance is Kshs.107,000 paid as sitting allowances to the Chairman of the Board of Governors for meetings that were not in the approved calendar of meetings. In addition, the approved rates for payment of allowances to the Board of Governors, the minutes of the meetings and signed attendance registers were not provided for audit verification.

In the circumstances, the validity and regularity of sitting allowances amounting to Kshs.107,000 paid to the Chairman of the Board of Governors could not be confirmed.

3. Irregular Hiring of Casual Employees

The statement of financial performance reflects employee costs expenditure of Kshs.1,380,404 which includes wages amounting to Kshs.506,800 as disclosed in Note 4 to the financial statements. However, contract documents for the casual employees showing terms of the engagement were not provided for audit. Further, needs assessment and staff rationalization report showing the department with vacancies or shortage to justify the need for hiring of casual employees was not provided for audit verification.

In the circumstances, the value for money obtained in the hiring of the casual employees could not be confirmed.

4. Lack of Ethnic Diversity

Review of the employee records provided by Management revealed that all the eleven employees were from the dominant ethnic community of the local area. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which requires that all public establishments reflect the diversity of the people of Kenya.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that, internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Weak Inventory Management

During the year under review the college procured various stores items in respect to tuition materials. However, inventory records including bin cards to confirm whether all inventory purchased was received and taken on charge in the stores were not provided for audit. In addition, inventory balances were not disclosed in the financial statements and the college did not conduct quarterly and annual inventory and stock taking which is contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015.

Failure to conduct regular and annual inventory count increases the risk of loss and obsolescence of store items.

2. Lack of Finance Management System and Admission Policy and Procedures

Review of documents provided for audit revealed that Management did not have an Integrated Finance Management System that has modules for admissions, student register, invoicing, fees collection and generation of reports. Further, Management did not have admissions and procedures policy to guide admissions and other procedures relating to admissions.

Failure to automate operations may lead to loss of data and misstatement of the financial statements..

3. Lack of Internal Audit Function and Audit Committee

During the year under review, it was observed that Management did not have an internal audit function to perform risk assessment processes and evaluate operational effectiveness through in-depth reviews of Management operations and internal controls in the College. Similarly, it was observed that the College did not have an audit committee to oversee the development, performance and effectiveness of internal control over financial reporting, performance reporting and compliance with laws and regulations. This is contrary to the provisions of Section 73(1) and (5) of the Public Finance Management Act, 2012.

In the circumstances, there were no mechanisms in place to oversight over Management activities.

4. Lack of Policy Documents

During the year under review, it was observed that the Management did not have in place a disaster recovery plan/ business continuity plan. In the absence of a Disaster Recovery and Business Continuity Plan, the College lacks a blue print for identifying, preventing and mitigating against disasters and ensuring that its operations are not interrupted.

Further, review of the ICT environment revealed that there was no an approved ICT Policy, approved IT Strategic Committee and Information Technology Continuity Plan in place to enable the Institute to manage business processes for the delivery of services to the public in an effective and efficient manner.

In the circumstances, failure to have relevant policies in place may affect the effectiveness of operations of the college.

5. Understaffing of Teaching and Non-teaching Staff

Review of the approved staff establishment revealed that there were fifty-nine (59) approved posts for teaching staff and forty-two (42) positions for non-teaching staff. However, only twenty-one (21) teaching and three (3) non-teaching staff were in-post hence under staffed.

In the circumstances, the understaffing may affect the Colleges ability to achieve its mandate.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain services, disclosing and as applicable matters related to sustainability of its services and using the applicable basis of accounting unless Management is aware of the intention to abolish the College or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Governors is responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of

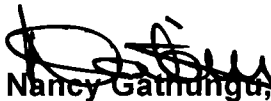
effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 August, 2022

XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/2021
		Kshs
Revenue from non-exchange transactions		
Transfers from the National Government—grants/ gifts in kind	1	5,100,000
Public contributions and donations	2	-
Total Revenue from non-exchange transactions		5,100,000
Revenue from exchange transactions		
Rendering of services- Fees from students	2	5,628,650
Revenue from exchange transactions		5,628,650
Total revenue		10,728,650
Expenses		
Use of goods and services	3	5,367,593
Employee costs	4	1,380,404
Board of Governors Expenses	5	457,609
Depreciation and amortization expense	6	18,539,718
Repairs and maintenance	7	617,180
Total expenses		26,362,504
Net Deficit for the year		(15,633,854)

The notes set out on pages 8 to 30 form an integral part of the Annual Financial Statements.

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Notes	2020/2021
		Kshs
Assets		
Current assets		
Cash and cash equivalents	8	183,933
Receivables from exchange transactions	9	3,890,890
Total Current Assets		4,074,823
Non-current assets		
Property, plant and equipment	10	182,058,052
Total Non-current Assets		182,058,052
Total assets		186,132,875
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	11	1,294,584
Refundable deposits from customers	13	86,900
Transfer to other Institutions	12	926,260
Payments received in advance	14	393,410
HELB Unutilised funds	15	52,800
Total Current Liabilities		2,753,954
Total liabilities		2,753,954
Capital and Reserves		
Accumulated surplus		(16,365,049)
Capital Fund		199,743,970
Total Capital and Reserves		183,378,921
Total Liabilities and Capital & Reserves		186,132,875

The Financial Statements set out on pages 1 to 31 were signed on behalf of the College Council/ Board of Governors by:

Chairman, Board of Governors
 Date.....

TMS

Finance Officer
 ICPAK No.
 Date.. 03/06/2022

[Signature]

Principal
 Date.. 03/06/2022

**GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/		Total
				Development Grants/Fund		
Balance b/f at July 1, 2019	-	-	-	-	-	-
Balance c/d as at June 30, 2020	-	-	-	-	-	-
Balance b/f as at July 1, 2020	-	-	-	-	-	-
Cost of Buildings as per issued certificates of work done			-	65,826,036	65,826,036	
Donated Equipments recognized			-	132,002,134	132,002,134	
Furniture bought before 1st July 2020			-	1,915,800	1,915,800	
Prior Year Adjustments			(731,195)	-	(731,195)	
Total comprehensive income			(15,633,854)	-	(15,633,854)	
Balance c/d as at June 30, 2020	-	-	(16,365,049)	199,743,970	183,378,921	

Prior year adjustments	
Bank balance as at 1st July 2020 brought in	283,195
Salary advance given before 1st July 2020	5,000
Fees prepayments as at 1st July 2020 brought in	- 115,800
Operations expenses incurred by KIST as a mentoring Institution	- 903,590
Balance carried as prior year adjustment	- 731,195

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

XVI. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020/2021	
	Note	Kshs	
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	1	4,062,500	
Public contributions and donations	2	-	
Rendering of services- Fees from students	2	5,628,650	
Refundable Deposits from customers/students	13	86,900	
Fees paid in advance	14	277,610	
HELB Unutilized funds	15	52,800	
Receipts from Mentoring Institutions	12	698,800	
Less fees debtors		(3,820,390)	
Total Receipts		6,986,870	
Payments			
Compensation of employees	4	1,380,404	
Board of governors expenses	5	457,609	
Use of goods and services	3	4,205,439	
Repairs and Maintenance	7	617,180	
Students bundles paid in advance	9	65,500	
Refundable Deposits Paid	13	-	
Total Payments		6,726,132	
Net cash flows from operating activities		260,738	
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	10	(360,000)	
Net cash flows used in investing activities		(360,000)	
Net increase/(decrease) in cash and cash equivalents		(99,262)	
Cash and cash equivalent sat 1 July 2020		283,195	
Cash and cash equivalents at 30 June 2021	8	183,933	

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Explanation of material variances
	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	% Variance	
Revenue											
Transfers from other Govt entities Govt grants	8,000,000		-		8,000,000		5,100,000	2,900,000	36%	a)	
Rendering of services	5,344,000		-		5,344,000		5,628,650	284,650	-5%	b)	
Total income	13,344,000		-		13,344,000		10,728,650	2,615,350			
Expenses											
Compensation of employees	2,788,800		-		2,788,800		1,380,404	1,408,396	51%	c)	
Use of Goods and services	7,335,760		-		7,335,760		5,367,593	1,968,167	27%	d)	
Repairs and Maintenance	2,232,000		-		2,232,000		617,180	1,614,820	72%	e)	
Board of Governors Expenses	987,440		-		987,440		457,609	529,831	54%	f)	
Total expenditure	13,344,000		-		13,344,000		7,822,786	5,521,214			
Deficit for the year							2,905,864	(2,905,864)			

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

	<i>Explanation of material variance</i>				
	We budgeted for capitation grants for the year Ksh 9.5 million based on 200 students but we received less as we did not meet the target of 200 students				
a)	The College did not meet the target of 200 students				
b)	The College did not employ BOG trainers and other support staff as earlier budgeted due to limited resources occasioned by low student enrolment.				
c)	The Institution limited resources occasioned by low student enrolment.				
d)	The Institution limited resources occasioned by low student enrolment.				
e)	The Institution limited resources occasioned by low student enrolment.				
f)					

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2021

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Gatundu South TVC is established by and derives its authority and accountability from TVET Act 2013. The Gatundu South TVC is wholly owned by the Government of Kenya and is domiciled in Kenya. Gatundu South TVC principal activity is training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the College accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the College.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

This is the first time of reporting and adoption of accrual basis of accounting. The College started its operations in mid of Financial Year of 2019/2020 and therefore did not have financial reports for the last financial year and therefore have no comparative balances.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to Gatundu South TVC and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2021
NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii) Revenue from exchange transactions

Rendering of services

Gatundu South TVC recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

b) Budget information

The original budget for FY 2020/2021 was approved by the Council or Board on 25th July 2019.

The College budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

c) Taxes

Current income tax

Gatundu South TVC is exempt from paying taxes as a public training institution

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, Gatundu South TVC recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on Property, plant and equipment is recognized in the income statement on a reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Land	-
Buildings	2.5%
Motor vehicles	25%
Furniture and Fittings	12.5%
Computer	30%
Office Equipment	12.5%

A full year depreciation charge is recognised in the year of asset purchase. Depreciation charge is not recognised in the year of disposal.

The financial report for the period under review does not reflect the value of the land on which the College sits on as it is yet to be valued the land title has not been obtained from the County Government of Kiambu.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite

e) Research and development costs

Gatundu South TVC expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Gatundu South TVC can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

f) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Inventories (Continued)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the College.

g) Provisions

Provisions are recognized when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the College expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The College does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The College does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the College in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Nature and purpose of reserves

The College creates and maintains reserves in terms of specific requirements. The College maintains Capital and Revenue reserves.

j) Changes in accounting policies and estimates

The College recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

k) Employee benefits

Retirement benefit plans

The College has not established retirement benefit plan but it may be implemented in future as the college expands.

l) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
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JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Related parties

The College regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the College, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

n) Service concession arrangements

The College analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the College recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the College also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

p) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the College's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The College based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the College. Such changes are reflected in the assumptions when they occur- IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal.

- The condition of the asset based on the assessment of experts employed by the College
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Provision for Depreciation

This caters for reduction in the value of asset with the passage of time, due to wear and tear. The College use reducing balance method to depreciate its assets using the applicable rates of depreciation as given in note 4(d) above

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

	FY/2020/2021
Unconditional grants	
Capitation Grants	3,600,000
Operation Grants	1,500,000
Total Government grants and subsidies	5,100,000

2 RENDERING OF SERVICES

Tuition fees	961,320
Activity fees	260,400
Administration fees	329,500
Electricity water & conservancy	409,000
Industrial attachment and Insurance	496,700
personal emolument	955,700
Repairs maintenance & improvement(R.MI)	196,300
Student ID	53,400
Material fee	152,520
Local Transport and Travel (LT&T)	359,400
Registration fees	168,300
Exam fees	1,286,110
Total Rendering of Services	5,628,650

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021
NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 USE OF GOODS AND SERVICES

Tuition Materials	1,695,875
Security expenses	767,000
Internet and Website	161,576
office Expenses	279,316
office printing and stationery	438,957
Electricity, water and Conservancy	286,228
Training and capacity Building	155,140
Advertising	60,792
Bank and MPESA charges	4,106
Outsourced Services	26,197
Student Insurance and attachment	35,786
Telephone, postage and airtime	51,190
Travelling & subsistence	635,000
sports and games	90,500
Student ID	10,600
Covid-19 Expenses	404,450
Exam payments	264,880
Total use of good and services	5,367,593

4 EMPLOYEE COSTS

Salaries	844,230
NSSF	15,874
NHIF	13,500
Wages	506,800
Total Employee costs	1,380,404

5 BOARD OF GOVERNORS EXPENSES

Sitting Allowances	457,609
Total Board of Governors Expenses	457,609

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 DEPRECIATION AND AMORTIZATION EXPENSE

Property, plant and equipment	18,539,718
Total depreciation and amortization	18,539,718

7 REPAIRS AND MAINTENANCE

Property	617,180
Total Repairs and Maintenance	617,180

8 CASH AND CASH EQUIVALENTS

current account Kenya commercial bank	102,240
Cash in Hand	81,693
Total cash and cash equivalents	183,933

9 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Current receivables	
(a) Students debtors	
Student debtors b/f	-
less receipts	-
Add student debtors for the year	3,820,390
	3,820,390
(b) Advances	
Staff Advances b/f	5,000
Add paid during the year	7,000
Less recovered	(7,000)
Staff Advances c/f	5,000
(c) Sundry Debtors	
Safaricom Bundles	65,500
Total current receivables	3,890,890

**GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings		Furniture and fittings		ICT Equipments		Plant and Equipment		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost										
At 1 July 2019	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-
At June 2020	-	-	-	-	-	-	-	-	-	-
Additions	-	465,000	-	272,000	-	116,800	-	-	-	853,800
Disposals	-	-	-	-	-	-	-	-	-	-
Cost of Building recognized	65,826,036									65,826,036
Donated Equipments recognised	-					132,002,134				132,002,134
Furniture bought before 1st July 2020	-	1,915,800	-	-	-	-	-	-	-	1,915,800
At end of year - June 2021	65,826,036	2,380,800	272,000	132,118,934	200,597,770					
Depreciation and impairment										
At 1 July 2019	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
On Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
At 30 June 2020	1,645,651	297,600	81,600	16,514,867	18,539,718					
Depreciation	-	-	-	-	-	-	-	-	-	-
On Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-
At 30 June 2021	1,645,651	297,600	81,600	16,514,867	18,539,718					
Net book values										
At 30 June 2021	64,180,385	2,083,200	190,400	115,604,067	182,058,052					
At 30 June 2020	-	-	-	-	-	-	-	-	-	-

GOK Donated Civil and Building Technology Equipments USD 1,222,808 @ Ksh. 107.95 exchange rate at 30th June 2021
Cost of the equipments = Ksh.132,002,124

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021
NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables b/f	-
Trade payables for the year	1,294,584
	1,294,584
Trade payables b/f paid during the year	-
Total trade payables	1,294,584

12 TRANSFER TO OTHER INSTITUTIONS

KIST Mentoring Institution	
Prior year adjustment	903,590
Add expenses paid on behalf by the mentoring Institution	361,370
Add transfers received during the year	698,800
Less transfers paid back	(1,037,500)
Balance b/d	926,260

13 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

(a) Caution Money	
Caution money b/f	-
Add receipts	86,900
less payments	-
Caution money c/f	86,900
Total deposits	86,900

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 PAYMENTS RECEIVED IN ADVANCE

Balance b/d	115,800
Prepayment for the year	277,610
Transferred to revenue during the year	-
Balance c/d	393,410

15 HELB FUNDS

Balance b/d	-
Unutilized funds during the year	79,200
Transfers of unutilized funds during the year	(26,400)
Balance c/d	52,800

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
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NOTES TO CASHFLOW STATEMENT(Continued)

Transfers from other Government entities/Govt. grants	1	5,100,000	
Less recovered at source by the mentoring Institution	12	(1,037,500)	
Cash Inflow		4,062,500	

Use of Good and Services	3	5,367,593	
Less Accrued Expenses as at 30th June	11	(800,784)	
Less paid for by the mentoring Institution	12	(361,370)	
Cash outflow		4,205,439	

Purchase of property, plant, equipment and intangible assets	10	853,800	
Less Accrued payments as at 30th June	11	(493,800)	
Cash Outflow from property and equipment		360,000	

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 FINANCIAL RISK MANAGEMENT

The College activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The College does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The College financial risk management objectives and policies are detailed below:

(i) Credit risk

The College has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the College maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	3,820,390	3,820,390	-	-
Bank balances	183,933	183,933		
Total	4,004,323	4,004,323		-
At 30 June 2020				
Receivables from exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The College has significant concentration of credit risk on amounts due from student debtors.

The Board of Governors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the College Board, who has built an appropriate liquidity risk management framework for the management of the College short, medium and long-term funding and liquidity management requirements. The College manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the College under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	-	1,294,584	-	1,294,584
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total		1,294,584	0	1,294,584
At 30 June 2020				
Trade payables	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total		0	0	0

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

The Board is in the process of establishing an internal audit function to assist it in assessing the risk faced by the College on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the College income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the College exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk

The College does not have transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the College foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The College manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Interest rate risk

Interest rate risk is the risk that the College financial condition may be adversely affected as a result of changes in interest rate levels. The College's interest rate risk arises from bank deposits. This exposes the College to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the College's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

b) Interest rate risk(continued)

Sensitivity analysis

The College analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs96,597 (2019: KShs39,585). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs482,985 (2019 – KShs197,923)

iv) **Capital Risk Management**

The objective of the College capital risk management is to safeguard the Board's ability to continue as a going concern. The College capital structure comprises of the following funds:

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	(16,365,049)	-
Capital fund	199,743,970	-
Total funds	183,378,921	-
Less: cash and bank balances	(183,933)	-
Net debt/(excess cash and cash equivalents)	183,194,988	-
Gearing	0%	

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the College include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

The College related parties include:

- i) The National Government;
- ii) Ministry of Education;
- iii) Kiambu Institute of Science and Technology
- iv) Key management;
- v) Board of Governors;

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	5,100,000	-
Total	5,100,000	-
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for 205 (2019, 175) employees	1,380,404	
Total	1,380,404	-
c) Key management compensation		
Board sitting allowance	457,609	-
Total	457,609	-

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 CAPITAL COMMITMENTS

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
The College has no capital commitments		
Total		

19 EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non- adjusting events after the reporting period.

20 ULTIMATE AND HOLDING GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE

The Gatundu South TVC is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

21 Currency

The financial statements are presented in Kenya Shillings (Kshs).

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The college is reporting for the first time and therefore has no progress on follow up of auditor recommendations.

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
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APPENDIX II: PROJECTS IMPLEMENTED BY GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Nil						

GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE (GATUNDU SOUTH TVC)
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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME		GATUNDU SOUTH TVC		
Break down of transfers from the State Department of Vocational and Technical Training				
FY 2020/2021				
a	Recurrent Grants	Bank statement Date	Amount (Kshs)	FY
	Gatundu South TVC capitation	03/07/2020	37,500.00	2029/2020
	Gatundu South TVC recurrent	30/10/2020	500,000.00	2020/2021
	Gatundu South TVC capitation	6/11/2020	1,275,000.00	2020/2021
	Gatundu South TVC recurrent	10/2/2021	500,000.00	2020/2021
	Gatundu South TVC capitation	02/12/2021	1,275,000.00	2020/2021
	Gatundu South TVC recurrent	30/03/2021	500,000.00	2020/2021
	Gatundu South TVC capitation	30/03/2021	1,012,500.00	2020/2021
		Total	5,100,000	
b	Development Grants	The College didn't receive any development grants		
c	Donor receipts	The College didn't receive any donor funding		

The above amounts have been communicated to and reconciled with the parent ministry

Finance Manager
Gatundu South TVC

Head of Accounting Unit
Ministry of Education

Sign -----

Sign -----

